Exhibit C

Revised Baseline Projections

December 20, 2016

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Executive Summary

Introduction

Pursuant to the request of the Oversight Board and based on revised assumptions developed in cooperation with the Oversight Board, the Commonwealth prepared updated baseline projections (the "Revised Baseline Projections")

- Through formal and informal communications to the Commonwealth, the Oversight Board has requested revised baseline projections based on "current law" and "current obligations"
- The Oversight Board's request suggested the Commonwealth revise its baseline in light of certain assumptions, some of which were already included in the Commonwealth's baseline projections published on October 14, 2016 (the "October Baseline Projections"), as well as others that require modifications to the October Baseline Projections

Baseline Assumptions Included in the October Baseline Projections	▪ The exclusion of any funding resulting from an extension of the Affordable Care Act ("ACA") ▪ Sunset of Act 154 tax treatment for mainland-based firms on income earned in the Commonwealth (such income becoming subject to a modified source income rule)
Baseline Assumptions Requiring Modification to the October Baseline Projections	▪ Segregation of employee contributions in the public-sector pension programs and a pay-as-you-go ("paygo") policy (vs. a funding policy based on Additional Uniform Contributions ("AUC")) to cover annual pension liabilities ▪ An adjustment to the baseline expenditures to reconcile with historical trends ▪ An adjustment to move certain catch-up payments to local suppliers and past-due tax refunds from the "measures" to the baseline projections consistent with "current law" ▪ Updated baseline macroeconomic assumptions, including: – Growth focusing on GNP rather than GDP – The inclusion of permanent fiscal adjustments sized to allow for the full payment of all debt service (principal and interest) and to stabilize the fiscal projection to a zero cumulative fiscal balance at the end of the projection period – Any action in FY 2017 is assumed to have insufficient implementation time to generate cuts and hence any deficit emerging in FY 2017 is paid down over time(1)

- In addition to the above changes, minor adjustments were made by the Commonwealth as a result of ongoing diligence
- The following pages provide additional details regarding the assumptions used in the Revised Baseline Projections, as well as the resulting financing gap

(1) Any deficit emerging in FY 2017 is assumed to be paid down over time at a 10 percent interest rate, dropping by 300 basis points annually until the rate reaches U.S. 10-year Treasury rates plus 100 basis points.

Overview of Macroeconomic Assumptions

The baseline macroeconomic growth projections were modified in consultation with the Oversight Board's experts to reflect the impact of very significant fiscal austerity that would be required to comply with current law

- The first step in the analysis is to identify and model the underlying drivers of real GNP growth in FY 2016 – FY 2026 to anchor a trend for potential GNP on indicators exogenous to economic policies. The underlying drivers include exogenous factors such as commodity prices, U.S. real GDP growth, lagged Commonwealth growth, and post-2000 indicator variables that reflect the macro-fiscal decline trend observed since 2003
  - Potential real GNP growth declines from the observed -0.55% in FY 2015 to a projected -1.5% over the medium term
  - Inflation is modeled to reflect directly imported inflation from the U.S. mainland and price pressures in the Commonwealth. Specifically, 50% is attributed to U.S. mainland inflation and 50% is modeled through a Phillips curve, with the real GNP output gap and commodity and oil prices driving inflation. The 50/50 split reflects the unpredictability of inflation from structural breaks and knock-on effects due to the large output gap that would be expected to emerge following the large fiscal adjustment
- The current law/current obligations baseline is then evaluated in the context of the trend baseline in terms of the impact on the macro-fiscal framework
  - To close the financing gaps under the current law/current obligations baseline, permanent fiscal adjustments (modeled generically as spending cuts) are enacted in FY 2018 and FY 2019. These cuts are sized to comply with current law and current obligations and stabilize the fiscal projection to a zero-cumulative fiscal balance at the end of the forecast period[1]
  - Any action in FY 2017 is assumed to have insufficient implementation time to generate cuts and hence any deficit emerging in FY 2017 is paid down over time at a 10 percent interest rate, dropping by 300 basis points annually until the rate reaches U.S. 10-year Treasury rates plus 100 basis points
  - A conventional Keynesian multiplier, used in many IMF program analyses, is used to model the impact of fiscal policy. The multiplier is based on estimates for U.S. regional fiscal expenditure shocks. Fiscal policy is assumed to have a zero long-term multiplier, as is the standard in such projections
    - However, in light of the magnitude of the assumed adjustment, a zero long-term multiplier may be a conservative assumption

(1) Note that due to the iterative nature of developing the projections, the deficit/surplus shown in the Revised Baseline Projections herein may not show an exact zero cumulative surplus by the end of the projection period; however, the variance shown is not considered to materially impact the overall projections.

Overview of Macroeconomic Assumptions (cont'd)

Below is a comparison of the economic growth rates derived from the revised macroeconomic assumptions, as compared to the growth rates used in the October Baseline Projections

- As shown below, the changes in fiscal austerity assumptions included in the Revised Baseline Projections are expected to cause significant economic contraction when they are implemented, with significant real GNP declines in FY 2018 and FY 2019. Real GNP growth ultimately settles at approximately -1.5% at the end of the projection period

October Baseline Projections

	2017P	2018P	2019P	2020P	2021P	2022P	2023P	2024P	2025P	2026P	CAGR FY '18-'26
Real GDP Growth		(1.54%)	(1.79%)	(1.78%)	(1.79%)	(1.78%)	(1.77%)	(1.75%)	(1.71%)	(1.67%)	(1.73%)
Inflation		1.89%	1.84%	1.79%	1.77%	1.77%	1.78%	1.80%	1.83%	1.89%	1.82%
Nominal GDP Growth		**0.35%**	**0.05%**	**0.01%**	**(0.02%)**	**(0.01%)**	**0.01%**	**0.05%**	**0.12%**	**0.22%**	**0.08%**
Memo: GNP[1][2]											
Real GNP	*$66,811*	*$65,781*	*$64,604*	*$63,451*	*$62,316*	*$61,204*	*$60,120*	*$59,068*	*$58,057*	*$57,088*	
Nominal GNP	*$66,020*	*$66,248*	*$66,281*	*$66,286*	*$66,274*	*$66,265*	*$66,269*	*$66,302*	*$66,379*	*$66,525*	

Revised Baseline Projections

	2017P	2018P	2019P	2020P	2021P	2022P	2023P	2024P	2025P	2026P	CAGR FY '18-'26
Real GNP Growth		(16.24%)	(1.23%)	4.33%	2.81%	2.36%	(0.63%)	(1.51%)	(1.52%)	(1.53%)	(1.64%)
Inflation		(1.01%)	(1.06%)	(0.31%)	0.42%	1.14%	1.39%	1.63%	1.67%	1.67%	0.61%
Nominal GNP Growth		**(17.25%)**	**(2.29%)**	**4.02%**	**3.23%**	**3.50%**	**0.76%**	**0.12%**	**0.15%**	**0.14%**	**(1.03%)**
Memo: GNP[1]											
Real GNP	*$66,811*	*$55,963*	*$55,272*	*$57,666*	*$59,286*	*$60,686*	*$60,302*	*$59,394*	*$58,493*	*$57,595*	
Nominal GNP	*$66,020*	*$54,634*	*$53,382*	*$55,526*	*$57,319*	*$59,324*	*$59,773*	*$59,847*	*$59,936*	*$60,019*	

Variance – Revised Baseline Projections vs. October Baseline Projections

	2017P	2018P	2019P	2020P	2021P	2022P	2023P	2024P	2025P	2026P	CAGR FY '18-'26
Real Growth		(14.70%)	0.56%	6.11%	4.60%	4.15%	1.14%	0.24%	0.20%	0.13%	0.10%
Inflation		(2.90%)	(2.90%)	(2.11%)	(1.35%)	(0.63%)	(0.39%)	(0.17%)	(0.16%)	(0.22%)	(1.21%)
Nominal Growth		**(17.59%)**	**(2.34%)**	**4.01%**	**3.25%**	**3.51%**	**0.75%**	**0.08%**	**0.03%**	**(0.08%)**	**(1.11%)**
Memo: GNP											
Real GNP	–	*($9,818)*	*($9,332)*	*($5,785)*	*($3,030)*	*($518)*	*$182*	*$326*	*$437*	*$507*	
Nominal GNP	–	*($11,614)*	*($12,899)*	*($10,760)*	*($8,955)*	*($6,941)*	*($6,497)*	*($6,455)*	*($6,442)*	*($6,506)*	

(1) Based on preliminary FY 2015 GNP of $68,521 million at current prices, per the Puerto Rico Planning Board.
(2) For comparison purposes to the Revised Baseline Projections, represents GNP grown by the real and nominal GDP growth rates underlying the October Baseline Projections. Had the macroeconomic assumptions underlying the October Baseline Projections been stated in terms of GNP instead of GDP, the FY 2026 growth rates would have been as follows: -1.50% for real GNP growth, 1.76% for inflation and -0.26% for nominal GNP growth.

Summary of Revised Baseline Projections

Based on the adjusted assumptions, the Revised Baseline Projections indicate that Puerto Rico's cumulative financing gap totals approximately $67 billion over the ten-year projection period

- The Revised Baseline Projections continue to show that the Commonwealth's current revenues are not sufficient to support existing current operations and debt service absent nearly $8 billion of additional fiscal austerity measures
  - The size of the financing gap assumes that austerity measures fill the financing gap; if the Commonwealth were to balance austerity-type measures with structural reform and debt restructuring, it is estimated that real GNP contraction could be mitigated[(1)]
  - Any action in FY 2017 is assumed to have insufficient implementation time to generate cuts and hence the growth projections assume that any deficit emerging in FY 2017 is paid down over time
  - Additional details regarding the changes in the assumptions to derive the Revised Baseline Projections, as well as the impact of these changes, are discussed in the following pages

Annual Summary of the Revised Baseline Projections ($ millions)

											Total	
	2017P	2018P	2019P	2020P	2021P	2022P	2023P	2024P	2025P	2026P	5-Yr	10-Yr
Total Revenues	$19,107	$16,621	$15,438	$15,657	$15,908	$16,219	$16,331	$16,410	$16,491	$16,582	$82,730	$164,763
Total Expenses ex. Debt Service	(18,111)	(19,077)	(19,124)	(19,219)	(19,421)	(19,570)	(19,952)	(20,377)	(21,036)	(21,392)	(94,952)	(197,279)
Debt Service Net of Existing Reserves	(4,618)	(3,294)	(3,872)	(3,493)	(3,438)	(3,197)	(3,138)	(3,554)	(3,055)	(3,308)	(18,715)	(34,967)
Base Financing Gap	**($3,622)**	**($5,751)**	**($7,558)**	**($7,055)**	**($6,951)**	**($6,548)**	**($6,759)**	**($7,521)**	**($7,600)**	**($8,118)**	**($30,937)**	**($67,483)**
Illustrative Refi./(Amort.) of FY 2017 Deficit	$3,622	–	($3)	($607)	($771)	($1,196)	($1,029)	($16)	–	–	2,241	–
Illustrative Interest Due on FY 2017 Deficit[(2)]	–	(362)	(264)	(163)	(102)	(81)	(38)	(1)	–	–	(892)	(1,011)
Fiscal Adjustment to Reach Zero Cumulative Deficit	–	6,100	7,825	7,825	7,825	7,825	7,825	7,825	7,825	7,825	29,575	68,700
Fin. Surplus / (Gap) After Fiscal Adjustment[(3)]	–	**($13)**	–	–	–	–	–	**$288**	**$225**	**($293)**	**($13)**	**$206**
Memo: October Baseline Projections	*($3,605)*	*($3,408)*	*($5,813)*	*($5,744)*	*($5,978)*	*($5,974)*	*($6,258)*	*($7,084)*	*($7,171)*	*($7,682)*	*($24,547)*	*($58,716)*
Memo: Select Items Excluded From Total Revenues												
ACA Funding Loss	–	*($864)*	*($1,515)*	*($1,580)*	*($1,677)*	*($1,831)*	*($1,950)*	*($2,066)*	*($2,248)*	*($2,379)*	*($5,636)*	*($16,110)*
Est. Act 154 / Foreign Company Tax Losses	–	*(501)*	*(1,003)*	*(1,003)*	*(1,003)*	*(1,003)*	*(1,003)*	*(1,003)*	*(1,003)*	*(1,003)*	*(3,509)*	*(8,523)*
Memo: Select Items Included in Total Expenses												
Expiration of Act 66	–	*($101)*	*($101)*	*($101)*	*($101)*	*($101)*	*($124)*	*($194)*	*($266)*	*($340)*	*($406)*	*($1,431)*
CW Health Care Insurance Program[(4)]	*(923)*	*(806)*	*(833)*	*(942)*	*(1,005)*	*(1,104)*	*(1,182)*	*(1,257)*	*(1,375)*	*(1,459)*	*(4,509)*	*(10,886)*
Memo: Additional Pensions Details												
Pension-Related Outflows Included in Baseline[(5)]	*($1,041)*	*($2,075)*	*($2,138)*	*($2,145)*	*($2,164)*	*($2,349)*	*($2,366)*	*($2,391)*	*($2,414)*	*($2,436)*	*($9,563)*	*($21,518)*
Est. Paygo Payments Included in Baseline	–	*(989)*	*(1,014)*	*(985)*	*(964)*	*(1,151)*	*(1,177)*	*(1,217)*	*(1,251)*	*(1,278)*	*(3,952)*	*(10,026)*

(1) The growth projections assume that a permanent fiscal adjustment of $6.1 billion is taken in FY 2018 (and for every year thereafter through the projection period), as well as an additional permanent adjustment of $1.725 billion taken in FY 2019 (and for every year thereafter through the projection period) in order to fill the gaps over the projection period (resulting in a total cut of approximately $7.8 billion in every year starting in FY 2019).
(2) Assumes the deficit in FY 2017 is paid down over time at a 10% interest rate, dropping annually by 300 basis points until the rate reaches 10-year U.S. Treasury rates plus 100 basis points.
(3) Note that due to the iterative nature of developing the projections, the deficit/surplus shown in the Revised Baseline Projections herein may not show an exact zero cumulative surplus by the end of the projection period; however, the variance shown is not considered to materially impact the overall projections.
(4) Represents General Fund Budget special appropriation for health insurance and the net surplus / (deficit) of ASES (pre-ACA funding loss and excluding capex).
(5) Represents the total pension-related outflows included in the Revised Baseline Projections. Note that Milliman projections were used to estimate the employer contributions, which are assumed to reflect the amounts embedded in payroll. Special law contributions paid outside of the General Fund budget were estimated based on Milliman projections and ERS data. Note that these figures do not represent solely the benefit payments paid to the pensioners (the figures include both payments to the pension systems as well special law benefits paid to the pensioner in order to estimate the total pension-related outflows included in the Revised Baseline Projections).

Revised Baseline Projections Assumptions

The following provides a summary of the changes incorporated in the Revised Baseline Projections as well as the cumulative 10-year impact of these changes on the October Baseline Projections

	Impact (10-years)	October Baseline Projections Assumption	Revised Baseline Projections Assumption
Pensions	**- $678** million[(1)]	▪ The October Baseline Projections included the Additional Uniform Contribution ("AUC") required to be paid to the Employees Retirement System ("ERS") and the Annual Additional Contributions ("AAC") required to be paid to the Teachers Retirement System ("TRS") and Judicial Retirement System ("JRS") ▪ The projections also assumed all past-due AAC/AUC payments are made in FY 2017 ▪ Special Laws projections for ERS and TRS were based on the FY 2017 General Fund budget and held flat through the projection period	▪ The Revised Baseline Projections assume that the Commonwealth no longer makes AUC/AAC payments (including the past-due amounts). Instead, existing pension system assets, employer contributions, and investment income are used to fund benefit payments[(2)] ▪ The Revised Baseline Projections also assume that the employee contributions are completely segregated in all three pension systems starting in FY 2017 ▪ Based on additional information provided by the pension systems, Special Laws contributions are no longer held flat through the projection period and instead are projected based on current law, estimated mortality rates, and retiree increase ratios
Growth and Inflation	**- $3.4** billion	▪ The macroeconomic assumptions in the October Baseline Projections were stated in terms of GDP growth ▪ The macroeconomic assumptions underlying the October Baseline Projections were based solely on certain factors exogenous to Puerto Rico's fiscal position and potential policy measures, such as working age population and price indices ▪ The October Baseline Projections included real economic contraction with a compound annual growth rate ("CAGR") of 1.7% and inflation of 1.8% over the period FY 2018 through FY 2026, resulting in nominal economic growth of 0.1%	▪ The macroeconomic assumptions are now stated in terms of GNP growth ▪ The macroeconomic assumptions have been updated to reflect existing law and assume that contractual debt service is made in full by enacting fiscal adjustments ▪ The Revised Baseline Projections include real economic contraction with a CAGR of 1.6% and inflation of 0.6% over the period of FY 2018 through FY 2026, resulting in nominal economic contraction of approximately 1.0%
Pay Businesses for Past Services and Tax Refunds	**- $1.6** billion	▪ The payment of central government payables to reach 60 Days Payable Outstanding ("DPO"), central government payables to PREPA and PRASA, potential police officer pay and the payment of past-due tax refunds were included as "measures"	▪ These catch-up items have been moved from the "measures" into the baseline[(3)]

(1) Note that the variance shown here does not represent the variance directly attributable to the switch to a paygo scenario. The $678 million unfavorable variance includes the positive variance associated with an update to the special laws projections, which makes up approximately $241 million of the variance shown above (i.e. if this positive variance is excluded, the total paygo impact would increase to approximately negative $920 million).
(2) Paygo projections assume that the AUC and AAC amounts included in the FY 2017 budget are no longer made. Illustratively assumes 80% of the illiquid assets are amortized over 5 years and an investment income return of 3% per annum on available system assets.
(3) Note that a minor update was made to the amount of central government payables owed to PRASA as of June 30, 2016 as a result of ongoing diligence.

Revised Baseline Projections Assumptions (cont'd)

The following table provides a summary of the changes incorporated in the Revised Baseline Projections and the impact as compared to the October Baseline Projections

	Impact (10-years)	October Baseline Projections Assumption	Revised Baseline Projections Assumption
Expenses Reconciliation Adjustment	**- $3.0** billion		▪ A contingency for expenses was included to reconcile FY 2017 projected Governmental Funds expenses with historical trends for FY 2014 through FY 2016 (as estimated on a preliminary basis and adjusted for certain one-time items) ▪ Reflects possible discrepancy between Governmental Funds expense budgeting, which forms the basis of the expense projections, and actual historical results based on modified accrual accounting ▪ Amount assumed to remain flat per annum for the projection period; the estimated contingency amount may decrease to the extent improved governmental controls are implemented
General Fund Revenues and Budget	**+ $109** million	▪ The FY 2017 Approved Budget was used for the General Fund Budget projections and formed the basis of the General Fund revenues projections, as provided by OMB and Hacienda	▪ Preliminary actuals for the first three months of FY 2017 have been incorporated into the Revised Baseline Projections ▪ FY 2017 Budget increased by $60 million (non-recurring adjustment) to reflect the net impact of Department of Education special education fund overspend
Other Changes	**- $189** million	▪ The October Baseline Projections did not include a projection for COFINA operating expenses or the posting of collateral for swap payments ▪ The October Baseline Projections also did not include a projection for the net operating deficits of the Special Communities Perpetual Trust ("SCPT") or the Maritime Shipping Authority ("MSA") ▪ Federal Transfers/Programs in FY 2017 were based on the federal transfers figure included in the OMB budget (plus transfers to UPR), which were grown by a combination of inflation and projected population growth	▪ Projections for COFINA operating expenses and swap collateral requirements, as well as projections of net operating deficits for SCPT and MSA, have now been included in the Revised Baseline Projections, which make up the majority of the impact shown for "Other Changes" ▪ A minor adjustment to Federal transfers/Federal Programs was made to reflect the higher projected growth of ASES-related federal transfers (pre-ACA funding loss) relative to inflation, *which had no net impact on the model* ▪ Additional changes were made that had an immaterial impact on the Base Projections(1)

(1) Additional changes include an update of the GDB debt service schedule in order to incorporate the payment-in-kind of certain interest on November 1st, 2016 and the resulting impact of the General Fund Revenues and Budget update on UPR projected expenses.

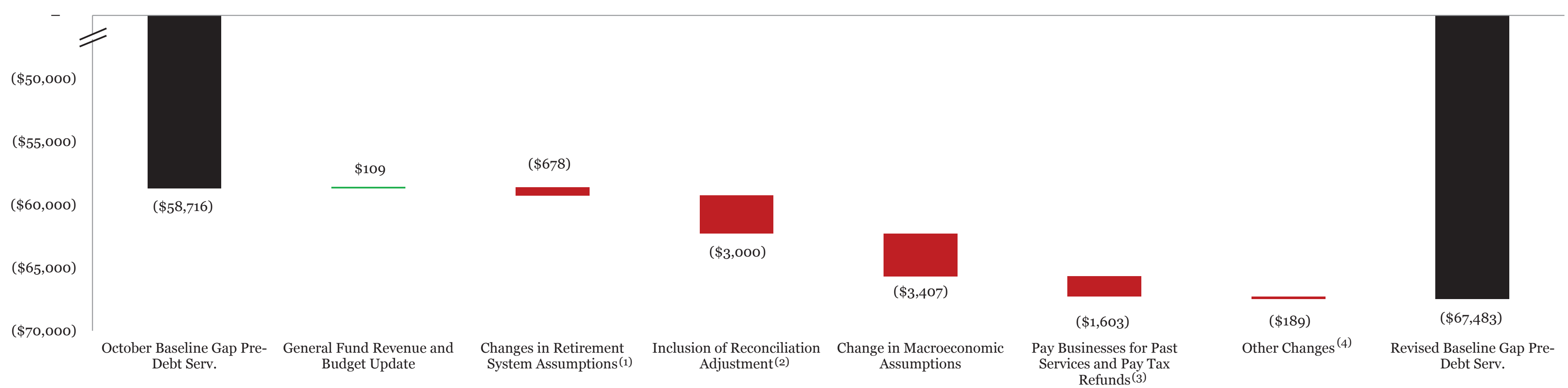
Summary of Changes to Baseline Projections

The tables below provide a summary of the variances between the October Baseline Projections and the Revised Baseline Projections

Annual Summary of Changes in the Revised Baseline Projections ($ millions)

											Total	
	2017P	2018P	2019P	2020P	2021P	2022P	2023P	2024P	2025P	2026P	5 Yr	10 Yr
General Fund Revenues												
October Baseline Projections	$9,045	$8,564	$8,056	$8,024	$7,989	$7,954	$7,918	$7,884	$7,853	$7,825	$41,678	$81,111
Revised Baseline Projections	9,100	8,599	8,070	8,038	8,003	7,968	7,932	7,898	7,867	7,839	41,810	81,314
Delta (if positive, a reduction of the deficit)	$55	$35	$14	$14	$14	$14	$14	$14	$14	$14	$132	$203
Adjusted General Fund Budget (ex. Retirement System Contributions and Debt Service)												
October Baseline Projections	($7,732)	($8,031)	($8,118)	($8,158)	($8,344)	($8,352)	($8,442)	($8,533)	($8,762)	($8,767)	($40,383)	($83,239)
Revised Baseline Projections	(7,792)	(8,035)	(8,121)	(8,162)	(8,348)	(8,356)	(8,446)	(8,537)	(8,765)	(8,771)	(40,458)	(83,332)
Delta (if positive, a reduction of the deficit)	($60)	($4)	($4)	($4)	($4)	($4)	($4)	($4)	($4)	($4)	($75)	($94)
Retirement System Contributions[1]												
October Baseline Projections	($1,417)	($996)	($1,651)	($1,708)	($1,715)	($1,707)	($1,701)	($1,767)	($1,765)	($1,759)	($7,488)	($16,186)
Revised Baseline Projections	(537)	(1,577)	(1,651)	(1,674)	(1,705)	(1,896)	(1,915)	(1,947)	(1,973)	(1,990)	(7,144)	(16,864)
Delta (if positive, a reduction of the deficit)	$880	($581)	$0	$34	$10	($189)	($214)	($180)	($208)	($231)	$343	($678)
Inclusion of Reconciliation Adjustment[2]	($300)	($300)	($300)	($300)	($300)	($300)	($300)	($300)	($300)	($300)	($1,500)	($3,000)
Change in Macroeconomic Assumptions	($5)	($1,204)	($1,178)	($778)	($416)	($80)	$19	$49	$85	$102	($3,581)	($3,407)
Pay Businesses for Past Services and Pay Tax Refunds[3]	($555)	($262)	($262)	($262)	($262)	–	–	–	–	–	($1,603)	($1,603)
Other Changes[4]	($33)	($27)	($15)	($16)	($16)	($16)	($16)	($17)	($17)	($17)	($106)	($189)
Base Financing Gap												
October Baseline Projections	($3,605)	($3,408)	($5,813)	($5,744)	($5,978)	($5,974)	($6,258)	($7,084)	($7,171)	($7,682)	($24,547)	($58,716)
Total Delta	(17)	(2,343)	(1,745)	(1,311)	(973)	(575)	(501)	(437)	(429)	(436)	(6,390)	(8,767)
Revised Baseline Projections	($3,622)	($5,751)	($7,558)	($7,055)	($6,951)	($6,548)	($6,759)	($7,521)	($7,600)	($8,118)	($30,937)	($67,483)

10-Year Cumulative Summary of Changes in the Revised Baseline Projections ($ millions)



(1) Represents the total impact of all the changes made to the retirement system projections, including the update to the special laws projections, which resulted in a cumulative positive variance of approximately $241 million over the 10-year projection period. If this variance were excluded, the implied cumulative paygo impact would increase to approximately negative $920 million over the 10-year projection period. The variance shown herein does not include employer contributions or special laws outside of the General Fund (note that the variance does include the incremental contributions that are paid from the General Fund Budget).

(2) Represents adjustment to reconcile Governmental Funds expenses in the Revised Baseline Projections with historical trends based on preliminary analysis.

(3) Represents the payment of central government accounts payable to reach 60 DPO, central government payables to PREPA and PRASA, past-due tax refunds, and potential police officer pay. These items were previously includes as "measures" in the October Fiscal Plan. Note that a minor update was made to the amount of central government payables owed to PRASA as of June 30, 2016 as a result of ongoing diligence.

(4) Additional changes include an update of the GDB debt service schedule in order to incorporate the payment-in-kind of certain interest on November 1st, 2016, the resulting impact of the General Fund Revenues and Budget update on UPR projected expenses, a projection for COFINA operating expenses and swap collateral requirements, and a projection for the net operating deficits of Special Communities Perpetual Trust ("SCPT") and Maritime Shipping Authority ("MSA").

Appendix

Revised Baseline Projections – Revenues

The following table presents a detailed summary of revenues included in the Revised Baseline Projections

												Total	
		2017P	2018P	2019P	2020P	2021P	2022P	2023P	2024P	2025P	2026P	5 Yr	10 Yr
	Revenues before Measures												
	General Fund Revenues (incl. Act 154 / Excise Tax Losses)												
1	Individual Income Taxes	$1,953	$1,620	$1,583	$1,662	$1,733	$1,813	$1,826	$1,828	$1,830	$1,832	$8,551	$17,680
2	Corporate Income Taxes	1,541	1,307	1,277	1,328	1,371	1,419	1,430	1,431	1,433	1,435	6,824	13,973
3	Non-Resident Withholdings	731	731	731	731	731	731	731	731	731	731	3,654	7,308
4	Act 154 / Excise Tax Revenues	2,005	2,005	2,005	2,005	2,005	2,005	2,005	2,005	2,005	2,005	10,027	20,053
5	Estimated Loss of Act 154 / Foreign Company Tax Revenues	–	(501)	(1,003)	(1,003)	(1,003)	(1,003)	(1,003)	(1,003)	(1,003)	(1,003)	(3,509)	(8,523)
6	Excise Taxes on Alcoholic Beverages	269	223	218	226	234	242	244	244	244	244	1,169	2,387
7	Motor Vehicle Excise Taxes	308	255	249	259	268	277	279	279	280	280	1,338	2,733
8	Excise Taxes on Off-Shore Shipments Rum	201	163	164	165	167	168	169	170	172	173	859	1,712
9	General Fund Portion of 11.5% SUT	1,637	1,204	1,129	1,175	1,207	1,245	1,226	1,192	1,156	1,119	6,352	12,290
10	Cigarette Excise Taxes	114	94	92	96	99	102	103	103	103	104	495	1,012
11	Casino Slot Revenues	18	15	15	15	16	16	16	16	16	16	78	160
12	Lotteries	65	66	65	67	70	72	73	73	73	73	333	696
13	Other General Fund Tax Revenues	117	93	91	94	97	101	102	102	102	102	492	1,001
14	Other General Fund Non-Tax Revenues	142	118	115	120	124	128	129	129	130	130	620	1,266
15	*General Fund Revenues (incl. Act 154 / Excise Tax Losses)*	*9,100*	*7,392*	*6,731*	*6,942*	*7,118*	*7,317*	*7,331*	*7,301*	*7,273*	*7,242*	*37,284*	*73,747*
	Additional Sales and Use Tax ("SUT")												
16	COFINA Portion of 6% SUT	724	753	783	815	847	881	916	953	991	1,031	3,922	8,694
17	Portion of 11.5% SUT - FAM	117	97	95	98	102	105	106	106	106	106	508	1,038
18	Portion of 11.5% SUT - Cine	3	3	3	3	3	3	3	3	3	3	16	32
19	*Additional Sales and Use Tax ("SUT")*	*844*	*853*	*881*	*916*	*952*	*989*	*1,025*	*1,062*	*1,100*	*1,140*	*4,446*	*9,764*
	Other Tax Revenues												
20	Non-Resident Withholdings (Special Revenue Fund)	59	59	59	59	59	59	59	59	59	59	295	590
21	Excise Taxes on Off-Shore Shipments Rum (Special Revenue Fund)	174	136	137	138	139	140	141	142	143	144	724	1,436
22	Room Taxes	77	81	85	88	91	94	95	95	95	95	422	895
23	Cigarette Excise Taxes (Special Revenue Fund)	67	67	67	67	67	67	67	67	67	67	337	674
24	Petroleum Products (Crudita) Excise Tax	411	510	510	510	510	510	510	510	510	510	2,451	5,001
25	Gas Oil and Diesel Excise Taxes	13	13	13	13	13	12	12	11	11	11	63	119
26	Gasoline Excise Tax Revenue	151	146	145	146	148	143	139	134	129	126	736	1,407
27	Vehicle License Fees	93	93	93	93	93	93	93	93	93	93	463	927
28	Other Special Revenue Fund Tax Revenues	51	42	41	43	44	46	46	46	46	46	222	454
29	Casino Slot Revenues	140	145	146	145	154	164	166	167	167	167	731	1,562
30	CRIM Property Tax Inflows	101	84	82	85	88	91	92	92	92	92	439	897
31	*Other Tax Revenues*	*1,337*	*1,376*	*1,377*	*1,387*	*1,406*	*1,420*	*1,420*	*1,416*	*1,413*	*1,411*	*6,883*	*13,963*
	Other Non-Tax Revenues												
32	Lotteries - Munis & Other	33	26	28	33	41	43	43	43	43	50	160	383
33	HTA Non-Tax Revenues (ex. Teodoro Moscoso)	240	245	249	252	259	266	268	268	268	268	1,245	2,582
34	Teodoro Moscoso Bridge Revenues	–	–	–	–	17	17	18	18	18	18	17	105
35	PRIDCO Rent and Other Non-Tax Revenues	67	67	69	71	74	77	77	77	77	78	347	733
36	UPR Tuition, Fees and Other Non-Tax Revenues(1)	169	168	167	166	167	168	170	172	174	176	837	1,696
37	PRCCDA Rent and Other Non-Tax Revenues	4	4	4	4	4	4	4	4	4	4	20	40
38	Net Income of Select Component Units(2)	76	63	62	64	66	69	69	69	69	70	332	679
39	*Other Non-Tax Revenues*	*590*	*573*	*577*	*591*	*627*	*644*	*649*	*651*	*653*	*663*	*2,958*	*6,218*
40	**Total Adjusted Revenue before Measures**	**$11,871**	**$10,195**	**$9,567**	**$9,836**	**$10,103**	**$10,371**	**$10,425**	**$10,431**	**$10,439**	**$10,456**	**$51,571**	**$103,692**
41	GDB Loan Inflows	236	233	233	211	186	183	181	181	178	176	1,098	1,998
42	Federal Transfers	7,000	7,057	7,154	7,190	7,297	7,496	7,675	7,864	8,122	8,330	35,698	75,184
43	Loss of Affordable Care Act ("ACA") Funding	–	(864)	(1,515)	(1,580)	(1,677)	(1,831)	(1,950)	(2,066)	(2,248)	(2,379)	(5,636)	(16,110)
44	**Total Revenues before Measures**	**$19,107**	**$16,621**	**$15,438**	**$15,657**	**$15,908**	**$16,219**	**$16,331**	**$16,410**	**$16,491**	**$16,582**	**$82,730**	**$164,763**

(1) Excludes Federal Grants.
(2) Represents the net income estimates of entities without bonded debt that have historically provided a surplus. Net numbers are shown as these entities generally receive independent revenues that would not be generated absent the associated expenses. Note that numbers are shown excluding capital expenditures, which are shown elsewhere and forward estimates are based on a review of historical results.

Revised Baseline Projections – Expenses and Financing Gap

The following table presents a detailed summary of the expenditures included in the Revised Baseline Projections and also shows the Financing Gap

#		2017P	2018P	2019P	2020P	2021P	2022P	2023P	2024P	2025P	2026P	Total 5 Yr	Total 10 Yr
	Non-Debt Expenditures before Measures												
	General Fund Expenses (ex. Paygo Contributions and Debt Service)												
45	Direct Payroll[1]	($3,271)	($3,238)	($3,204)	($3,194)	($3,207)	($3,244)	($3,289)	($3,342)	($3,398)	($3,455)	($16,114)	($32,841)
46	Direct Operational Expenses	(907)	(898)	(888)	(885)	(889)	(899)	(912)	(927)	(942)	(958)	(4,468)	(9,105)
47	Utilities	(260)	(331)	(351)	(359)	(372)	(371)	(368)	(373)	(386)	(394)	(1,674)	(3,566)
48	Special Appropriations - UPR Formula	(791)	(839)	(839)	(839)	(839)	(839)	(839)	(839)	(839)	(851)	(4,147)	(8,353)
49	Special Appropriations - Judicial Formula	(324)	(367)	(367)	(367)	(367)	(367)	(367)	(367)	(367)	(367)	(1,793)	(3,629)
50	Special Appropriations - Municipalities Formula	(361)	(371)	(371)	(371)	(371)	(371)	(371)	(371)	(371)	(371)	(1,845)	(3,701)
51	Special Appropriations - Retirement Systems	(537)	(589)	(637)	(688)	(741)	(744)	(738)	(730)	(722)	(712)	(3,192)	(6,838)
52	Special Appropriations - Health Insurance	(885)	(885)	(885)	(885)	(885)	(885)	(885)	(885)	(885)	(885)	(4,425)	(8,850)
53	Special Appropriations - Other	(992)	(967)	(936)	(877)	(956)	(887)	(895)	(895)	(1,013)	(913)	(4,728)	(9,331)
54	*General Fund Expenses (ex. Paygo Contributions and Debt Service)*	*(8,329)*	*(8,485)*	*(8,479)*	*(8,466)*	*(8,628)*	*(8,608)*	*(8,664)*	*(8,729)*	*(8,923)*	*(8,906)*	*(42,386)*	*(86,216)*
	Paygo Contributions in Excess of Asset Balance												
55	Paygo Contributions in Excess of Asset Balance[2]	–	(989)	(1,014)	(985)	(964)	(1,151)	(1,177)	(1,217)	(1,251)	(1,278)	(3,952)	(10,026)
56	*Paygo Contributions in Excess of Asset Balance*	–	*(989)*	*(1,014)*	*(985)*	*(964)*	*(1,151)*	*(1,177)*	*(1,217)*	*(1,251)*	*(1,278)*	*(3,952)*	*(10,026)*
	Maintenance Capital Expenditures												
57	Run-Rate Capital Expenditures (excl. Incremental Non-Growth and Growth Capex)	(283)	(400)	(407)	(415)	(422)	(429)	(437)	(445)	(453)	(462)	(1,928)	(4,154)
58	*Maintenance Capital Expenditures*	*(283)*	*(400)*	*(407)*	*(415)*	*(422)*	*(429)*	*(437)*	*(445)*	*(453)*	*(462)*	*(1,928)*	*(4,154)*
	Component Units, Non-GF Funds and Enterprise Funds												
59	Net Deficit of Special Revenue Funds ex. Tax Revenues[3]	(107)	(179)	(182)	(165)	(155)	(147)	(152)	(161)	(170)	(179)	(788)	(1,598)
60	PRCCDA Expenses	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(24)	(48)
61	PRIDCO Expenses	(104)	(105)	(106)	(106)	(106)	(107)	(108)	(109)	(110)	(111)	(528)	(1,072)
62	UPR Expenses	(175)	(132)	(136)	(141)	(152)	(168)	(187)	(209)	(231)	(242)	(735)	(1,773)
63	ASEM Deficit ex. Capex and AUC	(10)	(7)	(9)	(10)	(12)	(13)	(15)	(17)	(20)	(23)	(47)	(135)
64	ASES Surplus / (Deficit) pre-ACA Loss ex. Capex and AUC	(38)	79	52	(57)	(120)	(219)	(297)	(372)	(490)	(574)	(84)	(2,036)
65	Net Op. Deficit of Other Independently Projected Component Units ex. Tax Revs.[4]	(155)	(274)	(277)	(268)	(262)	(252)	(259)	(267)	(274)	(281)	(1,236)	(2,569)
66	Net Deficit of Select Component Units ex. Tax Revenues[5]	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(13)	(26)
67	Net Op. Deficit of Special Communities Perpetual Trust and Maritime Shippping	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(18)	(18)	(85)	(171)
68	Net Deficit of Enterprise Funds[6]	(6)	(8)	(8)	(7)	(7)	(7)	(7)	(7)	(8)	(8)	(36)	(74)
69	HTA Operational Expenses (excl. Debt Service, T. Moscoso and Capex)	(246)	(234)	(236)	(238)	(234)	(237)	(240)	(244)	(248)	(252)	(1,188)	(2,409)
70	Teodoro Moscoso Expenses (excl. Debt Service and Capex)	–	–	–	–	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(23)
71	COFINA Operating Expenses	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(1)	(3)
72	COFINA Revenues Posted for Swap Collateral	(15)	(12)	–	–	–	–	–	–	–	–	(27)	(27)
73	Allocation of SUT to Cine	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(16)	(32)
74	*Component Units, Non-GF Funds and Enterprise Funds*	*(884)*	*(899)*	*(929)*	*(1,021)*	*(1,079)*	*(1,182)*	*(1,297)*	*(1,419)*	*(1,583)*	*(1,704)*	*(4,811)*	*(11,995)*
	Disbursements of Tax Revenues to Entities Outside Plan												
75	Cigarette and Rum Shipment Excise Tax Related Outflows	(175)	(137)	(138)	(139)	(140)	(141)	(142)	(143)	(144)	(145)	(729)	(1,446)
76	Lotteries Related Outflows - Munis & Other	(33)	(26)	(28)	(33)	(41)	(43)	(43)	(43)	(43)	(50)	(160)	(383)
77	Allocation of SUT to FAM	(117)	(97)	(95)	(98)	(102)	(105)	(106)	(106)	(106)	(106)	(508)	(1,038)
78	*Disbursements of Tax Revenues to Entities Outside Plan*	*(324)*	*(260)*	*(261)*	*(270)*	*(283)*	*(289)*	*(292)*	*(293)*	*(294)*	*(302)*	*(1,398)*	*(2,867)*
79	**Adjusted Expenses**	**($9,821)**	**($11,032)**	**($11,090)**	**($11,157)**	**($11,375)**	**($11,660)**	**($11,867)**	**($12,103)**	**($12,504)**	**($12,651)**	**($54,474)**	**($115,258)**
80	GDB Loan and Net Deposit Outflows	(236)	(276)	(313)	(305)	(182)	(109)	(110)	(110)	(111)	(112)	(1,312)	(1,865)
81	Federal Programs	(7,000)	(7,057)	(7,154)	(7,190)	(7,297)	(7,496)	(7,675)	(7,864)	(8,122)	(8,330)	(35,698)	(75,184)
82	Reconciliation Adjustment[7]	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(1,500)	(3,000)
83	Payment of Past-Due Tax Refunds	(293)	–	–	–	–	–	–	–	–	–	(293)	(293)
84	Pay Local Businesses for Past Services	(262)	(262)	(262)	(262)	(262)	–	–	–	–	–	(1,310)	(1,310)
85	Federal Oversight Board Implemented by PROMESA	(200)	(150)	(5)	(5)	(5)	(5)	–	–	–	–	(365)	(370)
86	**Total Noninterest Expenditures**	**($18,111)**	**($19,077)**	**($19,124)**	**($19,219)**	**($19,421)**	**($19,570)**	**($19,952)**	**($20,377)**	**($21,036)**	**($21,392)**	**($94,952)**	**($197,279)**
87	**Financing Gap Pre-Debt Service, Pre-Measures**	**$995**	**($2,457)**	**($3,685)**	**($3,562)**	**($3,513)**	**($3,351)**	**($3,621)**	**($3,967)**	**($4,546)**	**($4,810)**	**($12,221)**	**($32,516)**
	Debt Service Net of Existing Reserves[8]												
88	Consolidated Interest	(2,372)	(2,319)	(2,239)	(2,169)	(2,118)	(2,062)	(2,025)	(1,974)	(1,972)	(1,910)	(11,217)	(21,159)
89	Consolidated Principal	(1,095)	(957)	(1,628)	(1,299)	(1,315)	(1,130)	(1,109)	(1,575)	(1,078)	(1,394)	(6,295)	(12,580)
90	Missed Principal and Interest Payments	(1,375)	–	–	–	–	–	–	–	–	–	(1,375)	(1,375)
91	TDF Guaranteed Debt Service[9]	(155)	(37)	(6)	(25)	(5)	(5)	(5)	(5)	(5)	(5)	(227)	(251)
92	Use of Existing Debt Service Reserves	379	19	–	–	–	–	–	–	–	–	398	398
93	**Total Debt Service Net of Existing Reserves**	**(4,618)**	**(3,294)**	**(3,872)**	**(3,493)**	**(3,438)**	**(3,197)**	**(3,138)**	**(3,554)**	**(3,055)**	**(3,308)**	**(18,715)**	**(34,967)**
94	**Total Estimated Financing Gap before Measures**	**($3,622)**	**($5,751)**	**($7,558)**	**($7,055)**	**($6,951)**	**($6,548)**	**($6,759)**	**($7,521)**	**($7,600)**	**($8,118)**	**($30,937)**	**($67,483)**

(1) Includes a portion of employer contributions to the Employees and Teachers Retirement Systems ("ERS" and "TRS", respectively).

(2) Pay-go contributions represent the incremental contributions in excess of payments from existing asset balances required to be paid to the Teachers, Judicial and Employees Retirement Systems based on estimates provided by the Commonwealth's actuaries and pension advisors, incorporating updated assumptions regarding items such as changes in the size of the active membership and future payroll assumptions consistent with the Fiscal Plan.

(3) Deficit for Special Revenue Funds calculated after removing tax revenues, which are shown separately.

(4) Developed by consulting with management including: ADEA, Cardiovascular Center, PBA, PRITA, Ports Authority and Tourism Company.

(5) Represents the net income estimates of entities without bonded debt that have historically resulted in a deficit. Note that numbers are shown excluding capital expenditures, which are shown elsewhere. Forward estimates based on review of historical results.

(6) Includes Unemployment Insurance and 9-1-1 Services Governing Board. Excludes Drivers Insurance and Disability Insurance, which are restricted funds.

(7) Represents adjustment to reconcile Governmental Funds expenses in the Revised Baseline Projections with historical trends based on preliminary analysis.

(8) The debt service payment schedule is based in part on publicly available information from the GDB website and Bloomberg as well as information provided by Hacienda and GDB. All parties should consult the relevant governing debt documents to determine their own views as to the debt service obligations for the debt shown below. Note that only bonded debt service for the entities included in the Fiscal Plan is included (with the exception of the 2013B GDB notes and GSA lines, both of which are private lending arrangements). Other debt service for private bank lines may be embedded in the projections for certain component units and public corporations. Such amounts are not material. Note that debt service does not include a refill of reserve amounts.

(9) Includes debt service of certain TDF guaranteed bonds and loans.

Summary of Revised Baseline Projections

The following provides an alternative summary of the Revised Baseline Projections, which shows the revenues and expenses before economic contraction and the impact of economic contraction as compared to 0% real economic growth(1)

- For comparison purposes, inflation is illustratively held constant between the two scenarios at a CAGR of 0.6% over the period FY 2018 through FY 2026

Annual Summary of the Revised Baseline Projections ($ millions)

	2017P	2018P	2019P	2020P	2021P	2022P	2023P	2024P	2025P	2026P	Total 5-Yr	Total 10-Yr
Total Revenues	$19,107	$17,800	$16,680	$16,621	$16,668	$16,800	$16,967	$17,170	$17,379	$17,601	$86,877	$172,793
Total Expenses ex. Debt Service	(18,111)	(19,033)	(19,077)	(19,182)	(19,390)	(19,545)	(19,925)	(20,345)	(21,001)	(21,352)	(94,793)	(196,960)
Debt Service Net of Existing Reserves	(4,618)	(3,294)	(3,872)	(3,493)	(3,438)	(3,197)	(3,138)	(3,554)	(3,055)	(3,308)	(18,715)	(34,967)
Economic Contraction (2)	–	*(1,224)*	*(1,289)*	*(1,002)*	*(791)*	*(606)*	*(663)*	*(792)*	*(924)*	*(1,059)*	*(4,305)*	*(8,349)*
Base Financing Gap	**($3,622)**	**($5,751)**	**($7,558)**	**($7,055)**	**($6,951)**	**($6,548)**	**($6,759)**	**($7,521)**	**($7,600)**	**($8,118)**	**($30,937)**	**($67,483)**
Illustrative Refi./(Amort.) of FY 2017 Deficit	$3,622	–	($3)	($607)	($771)	($1,196)	($1,029)	($16)	–	–	2,241	–
Illustrative Interest Due on FY 2017 Deficit(3)	–	(362)	(264)	(163)	(102)	(81)	(38)	(1)	–	–	(892)	(1,011)
Fiscal Adjustment to Reach Zero Cumulative Deficit	–	6,100	7,825	7,825	7,825	7,825	7,825	7,825	7,825	7,825	29,575	68,700
Fin. Surplus / (Gap) After Fiscal Adjustment(4)	–	**($13)**	–	–	–	–	–	**$288**	**$225**	**($293)**	**($13)**	**$206**
Memo: October Baseline Projections	*($3,605)*	*($3,408)*	*($5,813)*	*($5,744)*	*($5,978)*	*($5,974)*	*($6,258)*	*($7,084)*	*($7,171)*	*($7,682)*	*($24,547)*	*($58,716)*
Memo: Select Items Excluded From Total Revenues												
ACA Funding Loss	–	*($864)*	*($1,515)*	*($1,580)*	*($1,677)*	*($1,831)*	*($1,950)*	*($2,066)*	*($2,248)*	*($2,379)*	*($5,636)*	*($16,110)*
Est. Act 154 / Foreign Company Tax Losses	–	*(501)*	*(1,003)*	*(1,003)*	*(1,003)*	*(1,003)*	*(1,003)*	*(1,003)*	*(1,003)*	*(1,003)*	*(3,509)*	*(8,523)*
Memo: Select Items Included in Total Expenses												
Expiration of Act 66	–	*($101)*	*($101)*	*($101)*	*($101)*	*($101)*	*($124)*	*($194)*	*($266)*	*($340)*	*($406)*	*($1,431)*
CW Health Care Insurance Program (5)	*(923)*	*(806)*	*(833)*	*(942)*	*(1,005)*	*(1,104)*	*(1,182)*	*(1,257)*	*(1,375)*	*(1,459)*	*(4,509)*	*(10,886)*
Memo: Additional Pensions Details												
Pension-Related Outflows Included in Baseline (6)	*($1,041)*	*($2,075)*	*($2,138)*	*($2,145)*	*($2,164)*	*($2,349)*	*($2,366)*	*($2,391)*	*($2,414)*	*($2,436)*	*($9,563)*	*($21,518)*
Est. Paygo Payments Included in Baseline	–	*(989)*	*(1,014)*	*(985)*	*(964)*	*(1,151)*	*(1,177)*	*(1,217)*	*(1,251)*	*(1,278)*	*(3,952)*	*(10,026)*

(1) The growth projections assume that a permanent fiscal adjustment of $6.1 billion is taken in FY 2018 (and for every year thereafter through the projection period), as well as an additional permanent adjustment of $1.725 billion taken in FY 2019 (and for every year thereafter through the projection period) in order to fill the gaps over the projection period (resulting in a total cut of approximately $7.8 billion in every year starting in FY 2019).
(2) As compared to 0% real GNP growth. Comparison illustratively holds inflation constant between scenarios at a CAGR of 0.6% over the period FY 2018 through FY 2026.
(3) Assumes the deficit in FY 2017 is paid down over time at a 10% interest rate, dropping annually by 300 basis points until the rate reaches 10-year U.S. Treasury rates plus 100 basis points.
(4) Note that due to the iterative nature of developing the projections, the deficit/surplus shown in the Revised Baseline Projections herein may not show an exact zero cumulative surplus by the end of the projection period; however, the variance shown is not considered to materially impact the overall projections.
(5) Represents General Fund Budget special appropriation for health insurance and the net surplus / (deficit) of ASES (pre-ACA funding loss and excluding capex).
(6) Represents the total pension-related outflows included in the Revised Baseline Projections. Note that Milliman projections were used to estimate the employer contributions, which are assumed to reflect the amounts embedded in payroll. Special law contributions paid outside of the General Fund budget were estimated based on Milliman projections and ERS data. Note that these figures do not represent solely the benefit payments paid to the pensioners (the figures include both payments to the pension systems as well special law benefits paid to the pensioner in order to estimate the total pension-related outflows included in the Revised Baseline Projections).